

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	
A La Carte and Themed)	MB Docket No. 04-207
Programming and Pricing Options)	
for Programming Distribution on)	
Cable Television and Direct)	
Broadcast Satellite Systems)	

COMMENTS OF TELALASKA, INC.

TelAlaska, Inc. files these comments, on behalf of its wholly owned subsidiary, Eyecom, Inc., in response to the Public Notice (DA 04-1454) released by the Federal Communications Commission ("FCC" or "Commission") on May 25, 2004, and the subsequent order extending the filing deadline for comments, released July 2, 2004.

BACKGROUND

TelAlaska, Inc. ("TelAlaska") is a family of companies that provides telecommunications products and services throughout Alaska. These companies include Interior Telephone Company ("Interior"), Mukluk Telephone Company ("Mukluk"), TelAlaska Long Distance, Eyecom, Inc. (d/b/a Eyecom Cable) ("Eyecom"), and TelAlaska NetWorks.

Interior and Mukluk are certificated in the State of Alaska as local exchange carriers, and provide services over a large geographic region to rural communities, often in remote areas. Since 1969, Interior has provided service to 11 Alaskan communities spread out from Fort Yukon in the heart of north central Alaska down to the Aleutian

chain of islands on the southwestern tip of the state. Mukluk serves 13 additional communities, including six located along the Iditarod Dog Sled Trail near Nome, Alaska, and Little Diomed Island in the Bering Sea, just 2.6 miles from Russia. Beginning in September 2000, as the result of an acquisition, Mukluk's service area was increased to include Nome, and Interior's was expanded to encompass Seward and Moose Pass.

Eyecom provides cable television service to four communities – Unalaska, Galena, Girdwood and Port Lions, with a total subscriber base of 1,625 consumers. Finally, TelAlaska Long Distance offers interexchange telephone service and TelAlaska NetWorks serves as an Internet service provider for residents and businesses throughout Alaska, offering voice and data network solutions, including in some markets by means of new wireless broadband technologies.

CABLE SERVICE IN RURAL AND SMALLER MARKETS

Due to the complexity of the issues presented in the Public Notice, it is not possible for TelAlaska to provide a comprehensive analysis of the diverse range of potential impacts that *a la carte* or themed-tier service would have on it. As a provider of cable television programming to remote communities, however, TelAlaska is concerned with the potential economic impact which such program offerings can have on its viewers, and is extremely interested in the scope of inquiry which the Commission has launched in this proceeding.

All cable headends employed by TelAlaska provide only analog signal delivery at this time. As a result of the limited inventory of satellite signals providing coverage to

Alaska, TelAlaska is restricted in the television programming it can choose from for its subscribers.

It is TelAlaska's understanding that *a la carte* and theme-tiered programming will be offered only in a digital format. This will require TelAlaska to make a significant investment in new equipment, the cost of which will need to be passed along to its viewers in its service rates. All set-top boxes currently employed by TelAlaska for its consumers would similarly have to be replaced in order to accommodate such programming. It is anticipated that the cost of such new boxes will average approximately \$180. TelAlaska does not believe it can pass the cost of this customer premises equipment onto its subscribers on a lump-sum basis, but would need to build it into its service pricing, as well.

As a result of programmers' steadily growing proclivity to offer digitally delivered programming in substitution for analog programming, TelAlaska assumes it will soon be required to absorb on some basis the costs appurtenant to such new delivery systems. It is unable to assess with any confidence at this time what impact *a la carte* or theme-tiered programming will have on these cost factors for it. TelAlaska is also concerned that it will continue to be able to secure programming from the limited distribution channels available to it in Alaska, at affordable prices, that will meet the demographic interests of its subscribers.

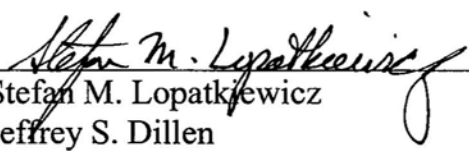
CONCLUSION

TelAlaska respectfully requests that the Commission take these comments into consideration in the preparation of its report to Congress on these issues.

Dated this 15th day of July 2004.

DORSEY & WHITNEY LLP
Attorneys for TelAlaska, Inc.

By: _____


Stefan M. Lopatkiewicz
Jeffrey S. Dillen